

**IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF NEW JERSEY**

**HAYDEN GATEWAY LLC and
BLOC DISPENSARY LLC,**

Plaintiffs,

v.

**ADVANCED FLOWER CAPITAL INC.
and AFC AGENT LLC,**

Defendants.

CIVIL ACTION NO. 3:25-CV-02789

**DECLARATION OF
JOEL FELDMAN**

1. I am an attorney who has represented Justice and its subsidiaries, affiliates, and owners, in a variety of contexts. I participated in the negotiation of virtually every iteration of the loan agreement between Justice and AFC.

2. The original Credit Agreement was executed on April 5, 2021, with a number of written amendments, modifications, forbearances and ancillary loan documents, as set forth below:

Date	Name of Document	Obligor
4/5/2021	Credit Agreement	New Jersey Borrowers
4/5/2021	Parent Guaranty	JG HoldCo LLC
4/5/2021	Shareholder Guaranty	Loevy and Kanovitz
4/29/2021	Amended and Restated Credit Agreement	Borrowers
9/30/2021	Second Amended and Restated Credit Agreement	Borrowers
5/4/2022	Letter Agreement	Borrowers
6/30/2022	Amendment No. 1	Borrowers
8/26/2022	Amendment No. 2	Borrowers
12/31/2022	Amendment No. 3	Borrowers
4/26/2023	Amendment No. 4	Borrowers
9/12/2023	2023 Forbearance Agreement	Borrowers
3/6/2024	2024 Forbearance Agreement	Borrowers

3. Justice's loan with AFC Gamma did not perform as well as expected from early on. There were problems caused by the COVID pandemic, including significant delays, increased costs and supply chain disruptions. I am also told that regulatory approvals in New Jersey took substantially longer than expected due to changes in the regulatory scheme. The general contractor for the Pennsylvania cultivation performed very poorly, ultimately ending with the contractor being terminated for cause and the cultivation facility left partially constructed.

4. Justice struggled to comply with the loan's financial covenants governing EBITDA, free cash flow, and similar metrics. Within months of closing the loan, the borrowers could not meet their covenants and were in default.

5. We therefore negotiated an amendment to the loan agreement with AFC Gamma, pursuant to which Loevy and Kanovitz contributed \$2.5 million in cash to shore up the loan. Unfortunately, the same conditions persisted, and the borrowers were unable to satisfy their financial covenants.

6. As more time passed, the same pattern repeated, leading to a Second, Third, and Fourth Amendment, and then two successive forbearance agreements. The pandemic dragged on, and the project remained stalled, and Justice fell back into default. With each amendment, AFC Gamma could have foreclosed, but again the parties renegotiated the loan obligations, with the borrowers, Kanovitz, and Loevy making significant financial payments to AFC Gamma in order to effectively purchase the right to forbearance.

7. All told, the parties amended and reconfigured the terms of the loan nine times over four years. Each time, Justice and its owners dug deeper into their pockets to purchase

forbearance, put the loan back into compliance, and renegotiate more favorable terms. In total, Plaintiffs' owners handed \$15.6 in additional cash as a capital contribution to AFC, and over \$3.0 million in "amendment fees" (much of which went to the Tannenbaum's private company), including: \$2,500,000 in capital (Amendment 1); \$5,000,000 in capital and \$3,195,295 in fees (Amendment 2); \$1,900,000 in capital and \$500,000 in fees (Amendment 3); \$100,000 in fees (Amendment 4); \$3,000,000 in capital, plus sold the real property for a combined \$2,200,000 million and an Ohio license for \$1,000,000 for a total additional capital contribution of \$6,200,000 (2023 Forbearance).

8. Finally, in March 2024, Justice began to be more financially successful, and we reached a payment arrangement that would not bankrupt the company, as memorialized in the 2024 Forbearance. A copy of the 2024 Forbearance is attached to this Declaration as Exhibit A. Our goal was to right-size the interest payments to a level that the Borrowers could satisfy, and ensure once and for all that the loan could stay out of default.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on

4/21/2025


Joel Feldman